

Message Text

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20

ACTION COME-00

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 EB-07 TRSE-00 STR-04

AGR-05 AGRE-00 FEA-01 CEA-01 CIAE-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 ITC-01 USIA-06 PRS-01 SP-02

OMB-01 /113 W

----- 013825

R 270820Z SEP 76

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 1141

INFO AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

AMEMBASSY BONN

USDEL MTN GENEVA

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY BERLIN

AMEMBASSY MOSCOW

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USLO PEKING

USMISSION GENEVA

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E.O. 11652: NA

TAGS: ETRD, EEWT, XG, JAN17:ZGJ

SUBJECT: INDUSTRIALIZED COUNTRY PRAC

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TICES RE IMPORTS FROM

CZECHOSLOVAKIA

REFS A. STATE 223895

B. STATE 222735(NOTAL)

C. PRAGUE 2645 (NOTAL)

D. LONDON 03860(NOTAL)

1. THIS EMBASSY IS TYPICALLY SO ABSORBED IN DEALING WITH THE FORMIDABLE BARRIERS WHICH BLOCK MORE NORMAL TRADE BETWEEN CZECHOSLOVAKIA AND U.S. (E.G. GOLD-CLAIMS ISSUE, ABSENCE OF MFN AND EXIMBANK FINANCING, EXPORT CONTROLS, JACKSON-VANEK AMENDMENT, ETC) THAT WE PERHAPS HAVE GIVEN TOO LITTLE ATTENTION TO TRADE RESTRICTIONS OF OTHER INDUSTRIALIZED WESTERN COUNTRIES WHICH IMPEDE CZECHOSLOVAK EXPORTS. THUS IT IS SOMEWHAT DIFFICULT TO RESPOND TO REF A REQUEST FOR DETAILS ON THESE BARRIERS, PARTICULARLY SINCE WE ARE PRECLUDED FROM CONSULTING GOC SOURCES.

2. SINCE CZECHOSLOVAKIA DOES NOT EXPORT SIZEABLE AMOUNTS OF AGRICULTURAL COMMODITIES TO WEST, IT IS NOT AFFECTED BY EEC BARRIERS ON FARM IMPORTS WHICH TROUBLE VARIOUS OTHER EAST EUROPEAN COUNTRIES. HOWEVER, WEST EUROPEAN RESTRICTIONS ON INDUSTRIAL GOODS ARE SIGNIFICANT. BRITISH RESTRICTED IMPORTS OF WOOLEN SUITS LAST MARCH (REF D) AND ALSO LIMIT CZECHOSLOVAK SHIPMENTS OF SHOES AND SANDALS. FRG, DESPITE RECENT LIBERALIZATIONS, STILL MAINTAINS QR'S AFFECTING ABOUT ONE-THIRD OF CZECHOSLOVAK EXPORTS, MOST NOTABLY TEXTILES AND LEATHER GOODS. DUTCH AMBASSADOR MACLAINE PONT TOLD ME ON SEPTEMBER 24 THAT THE NETHERLANDS IS ALSO LIMITING THE QUANTITIES OF TEXTILES AND LEATHER GOODS IMPORTED FROM CZECHOSLOVAKIA. WE UNDERSTAND ALL EEC MEMBERS HAVE SIMILAR RESTRICTIONS BUT LACK DETAILS ON THEM. FINNS, AUSTRIANS, CANADIANS AND JAPANESE MAY HAVE SIMILAR RESTRAINTS, BUT WE ARE NOT INFORMED. INFO POSTS, ESPECIALLY US MISSION GENEVA, MAY BE ABLE TO SUPPLY DETAILS WITHOUT CONTACTING NON-US SOURCES.

3. IN ADMITTING ITS FAILURE TO MEET TARGETS FOR LIMITED OFFICIAL USE

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EXPORTS TO WESTERN MARKETS DURING FIRST SIX MONTHS OF 1976 (REF C), GOC DID NOT CITE TRADE BARRIERS OF CAPITALIST COUNTRIES AS A CAUSE. TYPICALLY, IT BLAMES THESE PROBLEMS ON VAGARIES OF CAPITALIST SYSTEM AND FACT THAT RECESSION-WRACKED WEST CANNOT AFFORD TO IMPORT CZECHOSLOVAK INDUSTRIAL GOODS. THE TRUTH, WHICH GOC HAS OBLIQUELY CONCEDED IN RARE MOMENTS OF CANDOR, IS THAT DISAPPOINTING VOLUME OF

CZECHOSLOVAK EXPORTS TO THE WEST IS MAINLY DUE TO
THEIR OWN WORSENING PROBLEMS OF POOR QUALITY,
LACK OF MARKETING CAPABILITIES, PRODUCTION
BOTTLENECKS, LACK OF SERVICE AND SPARE PARTS, AND
GENERAL INABILITY TO COMPETE WITH OTHER EXPORTERS.
BYRNE

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